

Franchisee Protection Act

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Ken Ivory

Senate Sponsor: Michael K. McKell

LONG TITLE

General Description:

This bill establishes protections for franchisees.

Highlighted Provisions:

This bill:

- defines terms;
- prohibits a franchisor from requiring a franchisee to open on a when operating conflicts with the franchisee's sincerely held religious belief;
- provides exceptions under which a franchisor may require a franchisee to open a franchise despite a conflict with the franchisee's sincerely held religious belief;
- provides a remedy for a franchisee if the franchisor violates the prohibition without an exception; and
- provides a civil penalty for a franchisor that violates the prohibition without an exception.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

13-75-101, Utah Code Annotated 1953

13-75-201, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **13-75-101** is enacted to read:

CHAPTER 75. FRANCHISE PROTECTION ACT

Part 1. General Provisions**13-75-101 . Definitions.**

- (1)(a) "Franchise agreement" means a written agreement that:
- (i) grants a franchisee the right to engage in a business of offering, selling, or distributing goods or services;
 - (ii) grants the franchisee license to use a trademark, service mark, trade name, advertising, or other commercial symbol that the franchisor owns or leases; and
 - (iii) requires the franchisee to pay a franchise fee.
- (b) "Franchise agreement" includes all written documents incorporated in the written agreement by reference.
- (c) "Franchise agreement" does not include a sales and service agreement regulated by:
- (i) Chapter 14, New Automobile Franchise Act; or
 - (ii) Title 29, Hotels and Hotel Keepers.
- (2)(a) "Franchisee" means a person to which a franchisor grants a franchise.
- (b) "Franchisee" does not include:
- (i) a person that is regulated by Chapter 14, New Automobile Franchise Act; or
 - (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers.
- (3)(a) "Franchisor" means a person that grants a franchise to another person.
- (b) "Franchisor" does not include:
- (i) a person that is regulated by Chapter 14, New Automobile Franchise Act;
 - (ii) a person that is regulated by Title 29, Hotels and Hotel Keepers; or
 - (iii) a person that is granting franchises for the right to operate businesses regulated by Title 29, Hotels and Hotel Keepers.
- (4) "Original franchise agreement" means the initial franchise agreement that the franchisee and franchisor sign.
- (5) "Religious day operation requirement" means any requirement that has the effect of requiring a franchisee to operate a franchise on a day when operating would conflict with the franchisee's sincerely held religious belief.
- (6) "Violation" means a franchisor's failure to comply with this chapter resulting in a court with jurisdiction imposing a civil penalty under Section 13-75-201 against the franchisor.

Section 2. Section 13-75-201 is enacted to read:

Part 2. Franchisee Protection**13-75-201 . Franchisee religious day operation protection.**

- (1) Except as provided in Subsection (2), when a franchisee asserts a sincerely held religious belief, a franchisor may not:
- (a) unilaterally impose a religious day operation requirement;
 - (b) require a franchisee to accept a religious day operation requirement as a part of an amendment to the franchise agreement; or
 - (c) refuse to renew a franchise agreement based solely on a franchisee's failure to comply with a religious day operation requirement.
- (2) Subsection (1) does not apply when:
- (a) the original franchise agreement provides a religious day operation requirement;
 - (b) the franchisee agrees through a renewal or an amendment to the franchise agreement to a religious day operation requirement; or
 - (c) the franchisor and the franchisee enter into a franchise agreement to develop an additional franchise location that contains a religious day operation requirement.
- (3) The protections provided in Subsection (1) are not transferable.
- (4) If a court with jurisdiction finds reasonable cause to believe that a franchisor violated Subsection (1), the court may order:
- (a) actual damages, reasonable attorney fees, and costs to the franchisee;
 - (b) a permanent or temporary injunction, a temporary restraining order, or other appropriate order; and
 - (c) civil penalties against the franchisor in an amount not exceeding:
 - (i) \$10,000 for a first violation;
 - (ii) \$25,000 for a second violation within three years after the day on which the franchisee filed the complaint for the first violation; or
 - (iii) \$50,000 for a violation subsequent to a second violation within five years after the day on which the franchisee filed the complaint for the first violation.

Section 3. **Effective Date.**

This bill takes effect:

- (1) except as provided in Subsection (2), May 7, 2025; or
- (2) if approved by two-thirds of all members elected to each house:
 - (a) upon approval by the governor;
 - (b) without the governor's signature, the day following the constitutional time limit of Utah Constitution, Article VII, Section 8; or
 - (c) in the case of a veto, the date of veto override.